



WMCA Board

Date	22 March 2019
Report title	Transforming Cities Fund 2
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Report has been considered by	WMCA Programme Board - 8 March 2019 WMCA Senior Leadership Team - 27 February 2019 Strategic Transport Officers Group - 25 February 2019 TfWM Leadership Team - 4 February 2019

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Approve the balanced programme and indicative allocations of Transforming Cities Fund 2 resources as set out in Section 6.
- (2) Approve the approach for developing and managing the Transforming Cities Fund 2 allocations as set out in section 7.
- (3) Note the interrelationship between the recommendations detailed above and the funding challenge relating to the Investment Programme and existing HS2 Connectivity Package schemes, as detailed within the Financial Implications.

1.0 Purpose

- 1.1 This report sets out the approach for a programme of proposed transport investments to utilise the balance of Transforming Cities Funding Round 2.

2.0 Background

- 2.1 The Transforming Cities Fund (TCF) was announced for Mayoral Combined Authorities at the 2017 Autumn Budget. As part of the TCF, the West Midlands Combined Authority will receive capital funding of £250 million from the national fund total of £1.7 billion.

- 2.2 In the Secretary of State's letter to the Mayor of West Midlands on 12 March 2018, he stated the following:

"In establishing this fund, the Government aims to transform intra-city connectivity, supporting access to jobs across England's largest city regions and driving productivity. Investment should be focused on improving public and sustainable transport, helping to reduce congestion and improve air quality, and I encourage WMCA to consider use of new mobility systems and technology."

- 2.3 Funding will be provided over four years to 2021/22, and will be a single grant to the West Midlands. The funding profile is set out below:

2018/19	2019/20	2020/21	2021/22	Total
£18m	£57m	£74m	£101m	£250m

- 2.4 A significant proportion of the TCF is allocated to the Wednesbury Brierley Hill Metro Extension (WBHE). There is an allocation of £207m to WBHE from the £250m overall West Midlands allocation which was agreed by WMCA Board on 8 December 2017. The Board on 9th November 2018 approved the remaining £43m to transport projects which meet the overall objectives of the TCF.

Scheme	Promoter	Funding Allocated
Wednesbury to Brierley Hill Metro Extension	TfWM, WMCA, Sandwell MBC and Dudley MBC	£207,000,000
Birchley Island	Sandwell MBC	£7,430,000
Highways Investment Programme	West Midlands Authorities	£2,000,000
Dudley Interchange	TfWM	£10,000,000
Cycling Programme	TfWM	£6,000,000
B4106 Spon End	Coventry City Council	£5,800,000
University Station	TfWM	£3,000,000
New St/High St/Victoria Sq public realm	Birmingham City Council	£5,000,000
RICC and UTC upgrade programme	TfWM	£1,500,000
Real Time Information	TfWM	£2,000,000
Low Emission Bus Scheme	Coventry City Council	£237,000
Total		£ 250,000,000

- 2.5 In the 2018 Autumn Budget, the Government extended TCF by a year to 2022-23, with an additional £71.5m for the West Midlands. This funding is identified as TCF 2.

3.0 Impact on the Delivery of the Strategic Transport Plan

3.1 The impact of the contents of this report on delivery of the 15 STP Policies and/or the development/operation of:

- The National & Regional Tier;
- The Metropolitan Tier: Rail and Rapid Transit Network, Key Route Network, Strategic Cycle Network;
- The Local Tier; and
- Smart Mobility Tier.

3.2 The policies that are supported include:

- Policy 1 - Accommodate increased travel demand by existing transport capacity and new sustainable transport capacity;
- Policy 2 - Use existing transport capacity more effectively to provide greater reliability and average speed for the movement of people and goods;
- Policy 3 - Maintain existing transport capacity more effectively to provide greater resilience and greater reliability for the movement of people and goods;
- Policy 4 - Improve connections to new economic development locations to help them flourish, primarily through sustainable transport connections;
- Policy 5 – To help make economic centres attractive places where people wish to be.
- Policy 6 – To improve connections to areas of deprivation; and
- Policy 8 – To improve connections to new housing development locations to help them flourish, primarily through sustainable transport connections.

4.0 Transforming Cities Fund 2

4.1 In the 2018 Autumn Budget, the Government extended TCF by a year to 2022-23, with an additional £71.5m for the West Midlands. The aims once again are to invest in new local transport infrastructure to boost productivity by improving public and sustainable transport connectivity. It also supports the Local Industrial Strategy.

4.2 The additional TCF funding will enable further rapid progress towards an integrated and intelligent transport system which can be showcased to the world through the 2021 Coventry City of Culture, 2022 Commonwealth Games and the completion of HS2 in 2026.

5.0 Establishing a TCF Programme

5.1 In order to review and assess programmes to be considered for the TCF, there are number of challenges we face as an area and have influenced the proposed programme structure:

- Construction activity from schemes relating to HS2, the 2022 Commonwealth Games and Metro development are likely to increase congestion in the short-term;
- Additional commitments made to partners in the adapted Congestion Management Plan to tackle increased congestion and deliver successful flagship events;
- High levels of physical inactivity, adult and childhood obesity across the region; and

- Investment gap for schemes contained with the WMCA Investment Programme.

5.2 The challenges set out above have been considered against the following criteria to assist in developing the TCF 2 programme:

- In line with National TCF objectives;
- Aligned to the 2026 Delivery Plan for Transport;
- Supporting Mayoral WMCA priorities;
- Deliverable within the funding period;
- Affordability and value for money;
- Stakeholder support; and
- The ability to lever additional funding from other sources.

6.0 Priority Programmes

6.1 The assessment of objectives, challenges and criteria has led to the development of a proposed balanced programme of strategic region-wide transport interventions to utilise the TCF 2 allocation. It is also proposed to utilise an element of TCF 2 to support transport schemes within the WMCA Investment Programme.

- Congestion Management Plan (*Regional Transport Coordination Centre (RTCC) - required to deliver Commonwealth Games & Coventry City of Culture commitments*);
- Walking & Cycling Programme (*West Midlands Cycle Charter £10 per head commitment and City of Culture/Commonwealth Games Legacies*);
- Investing in the Key Route Network (*Providing development funding and local contributions to the KRN/Major Road Network (MRN) programme*); and
- WMCA Investment Programme (*supporting agreed Transport Schemes within the Assurance Framework*).

6.2 The allocation of TCF to the programmes is as a contribution towards the overall cost of the schemes. Through these allocations there is the ability to lever additional funding from other sources.

6.3 The proposed indicative funding allocations to the balanced programmes are outlined below:

Programme	Costs
Congestion Management Plan <i>Regional Transport Coordination Centre: £16m</i> <i>Region-wide Signals & Comms upgrades programme: £2m</i>	£18m
West Midlands Walking & Cycling Programme <i>West Midlands Cycle Charter £10 per head commitment, Local Cycling & Walking Infrastructure Plans and Commonwealth Games Legacy</i>	£17m
Investing in the Key Route Network/Major Road Network <i>Providing development funding and local contributions to the new KRN/MRN programme, priorities to be submitted to DfT via Midlands Connect in July 2019.</i>	£10m
WMCA Investment Programme <i>Further supporting agreed Transport Schemes within the Assurance Framework</i>	£26.5m
Total	£71.5m

7.0 Next Steps

- 7.1 The proposed balanced programme approach provides a framework for indicative TCF 2 allocations to be made. The Strategic Transport Officers Group (STOG) will be responsible for identifying and recommending specific priorities and projects under the programmes set out on Section 6.
- 7.2 Due to the devolved nature of the TCF funding, it is proposed that the priority schemes identified for TCF allocations will utilise a proportionate application of the WMCA's Gateway Project Lifecycle or Assurance Framework for business case approval and drawing down funding as appropriate.
- 7.3 It is also proposed that Strategic Transport Officers Group (STOG) continue to be given delegated authority to oversee the overall TCF programme including regular monitoring and reporting.

8.0 Financial Implications

- 8.1 This report puts forward a proposal to allocate the remaining balance of the TCF Grant to the programmes itemised in section 6. The grant will be administered by the DfT and in line with devolved grants, affords the WMCA with some flexibility to distribute this funding. The grant letter specifically states:

“This funding is being provided as part of the Single Pot for the WMCA. Consequently, there will not be detailed constraints as to what it can be spent on, but the WMCA should have regard to the national objectives of the Fund”.

- 8.2 In supporting the option detailed within this paper, it is important to note the funding challenge which exists against the Investment Programme agreed as part of the region's first Devolution Deal with Government.

8.3 The application of Transforming Cities Funding remains one of the live strategies for addressing the Investment Programme funding challenge as it a grant which WMCA have discretion over allocating (unlike devolved housing funds, for instance, which are for specific purposes). As such, the decision to approve the package of measures detailed above should be made in the context of the funding challenge against the Investment Programme.

9.0 Legal Implications

9.1 There are no immediate legal implications flowing from the contents of this report relating to Transforming Cities Fund. However, further legal advice will be required to ensure that legal agreements are put in place to capture funding and specification requirements for each scheme supported by the TCF.

10.0 Equalities Implications

10.1 All individual programme and projects will need to be equality impact assessed at a very early design stage – equality and accessibility input and engagement will be required throughout design and construction.

11.0 Inclusive Growth Implications

11.1 The transport interventions sets out within this report form an integral part of an efficient and resilient transport system which support inclusive growth objectives by:

- Enabling wider labour markets;
- Providing access to skills, education and training;
- Unlocking high value growth clusters; and
- Supporting regeneration and place making initiatives.

12.0 Geographical Area of Report's Implications

12.1 The report deals with schemes to be funded through the Transforming Cities Fund which are located within the Metropolitan Area, but will serve to improve connectivity across the wider WMCA through improved links on key corridors.

13.0 Other Implications

13.1 No implications.